



# Ensign

What do pensions  
mean to you?

A 2018 survey of UK  
maritime employers  
and employees

## Foreword



Designed specifically for employees in the maritime industry, Ensign is a low-cost, high-quality pension plan which employers and employees pay into as a way of saving for retirement.

To help us understand how people view their pensions in greater detail, we conducted a survey\* - the first of its kind for the industry - to gather opinions around the value, engagement and very nature of pension provision across

the maritime industry. The survey was open to all those working within the UK maritime industry and received a total of 131 respondents (87 employees and 44 employers).

The results in this report give a real insight into pension perceptions across the UK maritime sector and reveal an urgent need for the industry to support and build member understanding further - without delay.

\*Survey conducted by Ensign in April 2018. The results are correct at the time of going to print. Decimal points have been rounded up or down to nearest figure.

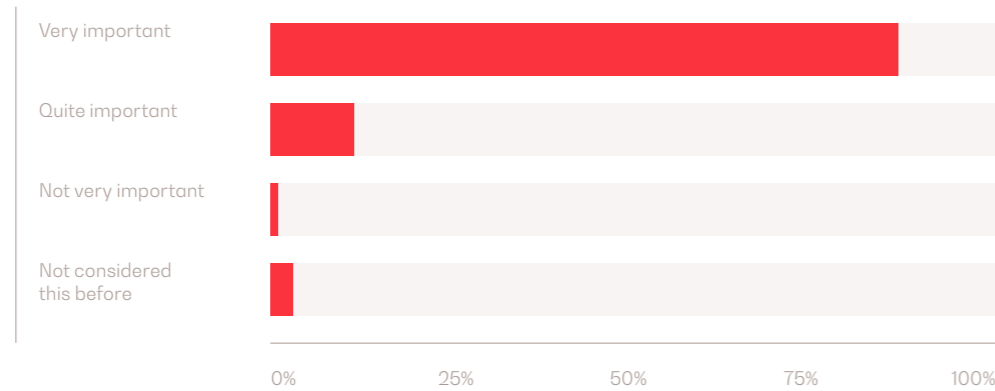
A handwritten signature in black ink, appearing to read 'Rory Murphy'.

**Rory Murphy**  
Chair

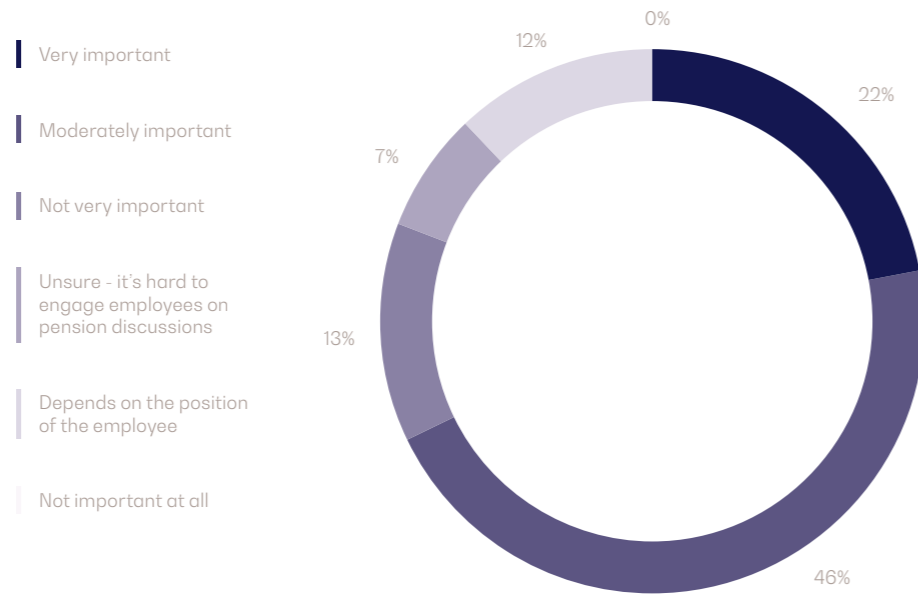
# Pensions are vitally important to staff, but do employers recognise that?

Employees taking part in our survey demonstrated a hugely positive attitude towards retirement saving across the sector, with 96 per cent of respondents feeling their company offering them a pension scheme is either 'very' or 'quite' important. In contrast, only 67 per cent of employers felt their employees valued it this highly.

How important is it that your employer offers you a pension scheme?

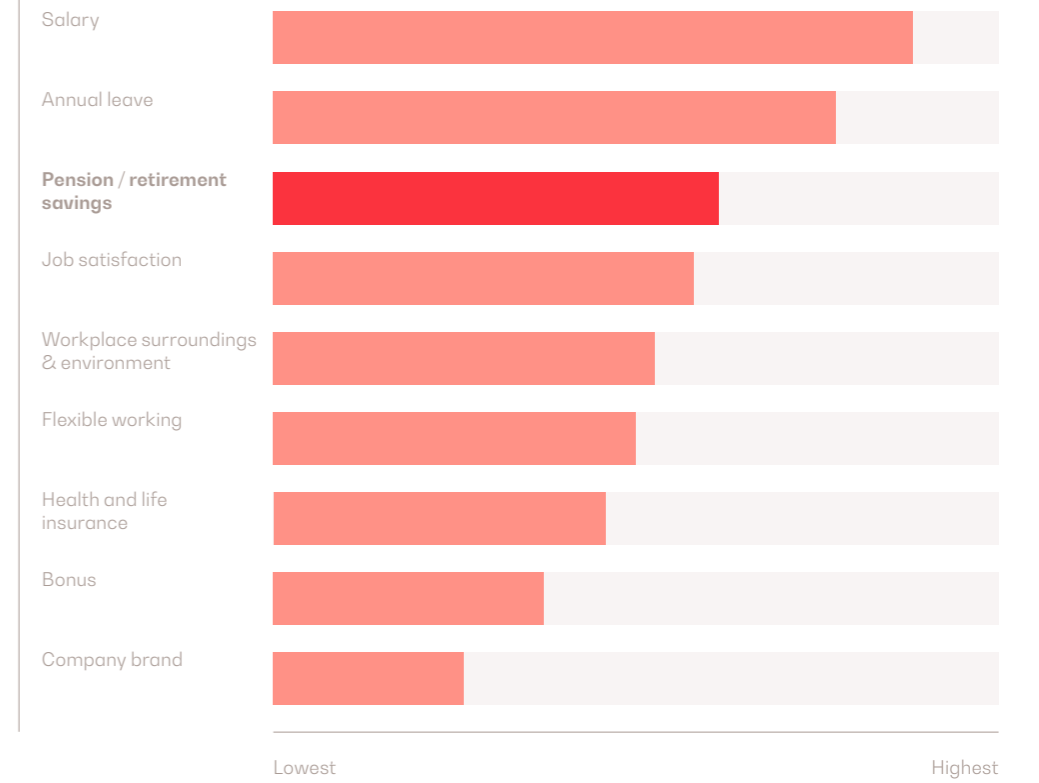


What level of importance do you believe your employees put on pensions as part of the overall employee benefits package?

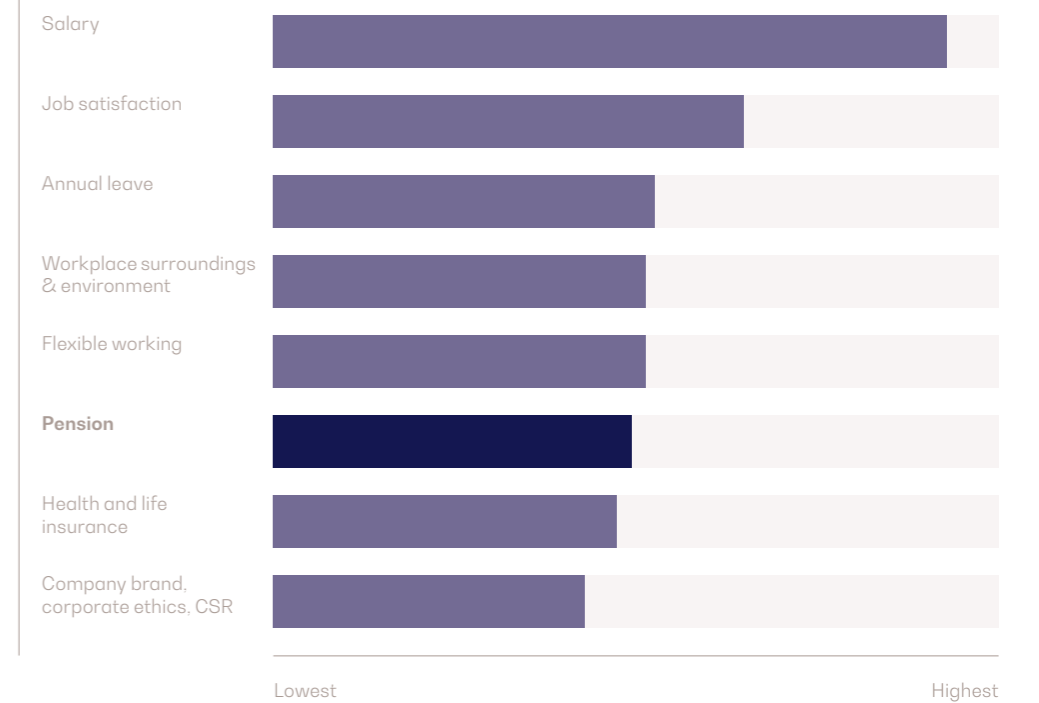


In fact, maritime employees ranked pensions as the third most important factor in choosing or staying with an employer – behind only salary and annual leave. However, employers only perceived pension provision as being the sixth most important factor for staff.

When choosing to select or remain with an employer, which of the following factors has the biggest impact?



In looking to recruit and retain staff, how would you rate the following factors?



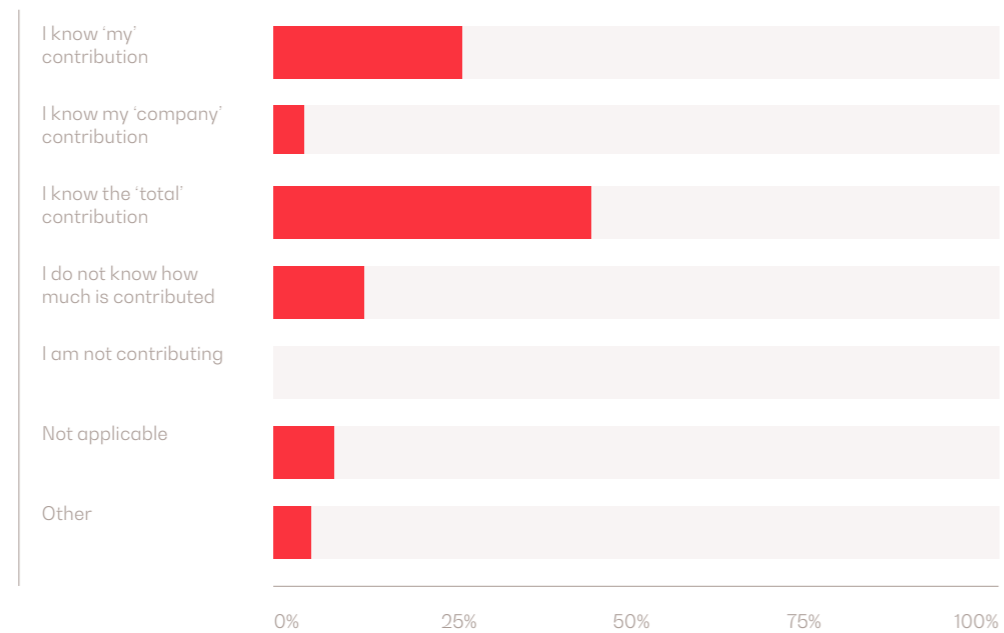
These inconsistencies highlight a concerning disconnect between what employees want and what employers think they want. Continuing in this vein could mean employers do not promote the importance of pension provision enough and miss out on a significant retention and attraction tool for the best talent in a competitive market.

## The lack of employee understanding about pensions is clear

The results show a clear trend of maritime employees only having a general understanding of the need for a pension, rather than regular and active engagement to effectively manage it. This urgently needs addressing across the entire maritime industry to prevent a major obstacle to an employee's ability to retire, and have a comfortable retirement, when the time comes.

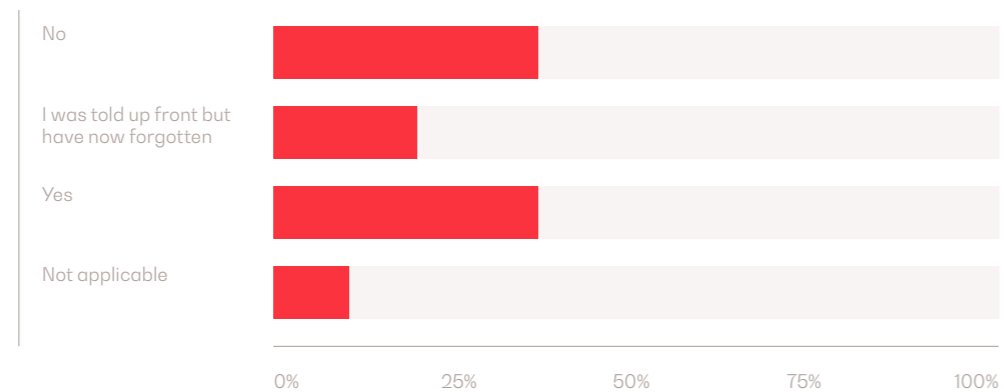
Alarming, only 42 per cent of employees surveyed are actually aware of the total contributions that go into their pension each month.

If you are part of a Defined Contribution pension arrangement, do you know how much is paid into your pension account each month?



Further still, only 35 per cent know the costs and charges for their pension and only 22 per cent are aware of the impact of these charges. These charges have a significant impact on the overall performance and growth of an employee's pension fund, so the lack of understanding in this area is very worrying.

Are you aware of the costs and charges applied to your pension benefits as part of your pension arrangement?

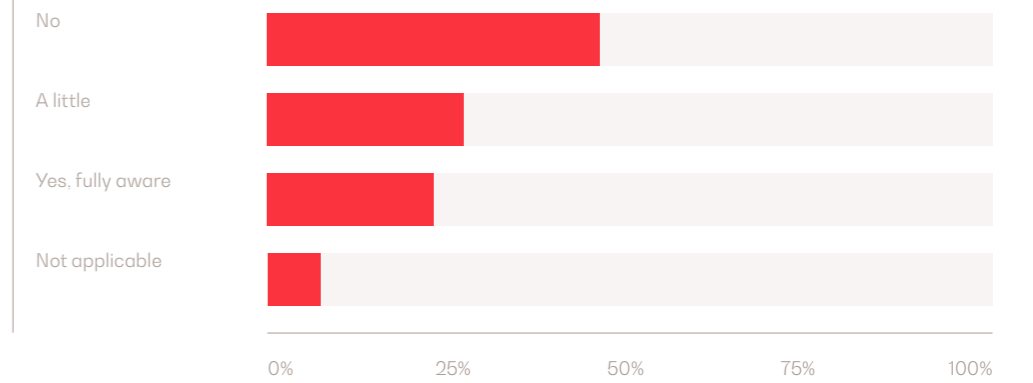


Percentage of employees surveyed who were not aware of the tax relief earned on their contributions into the scheme

# 41%

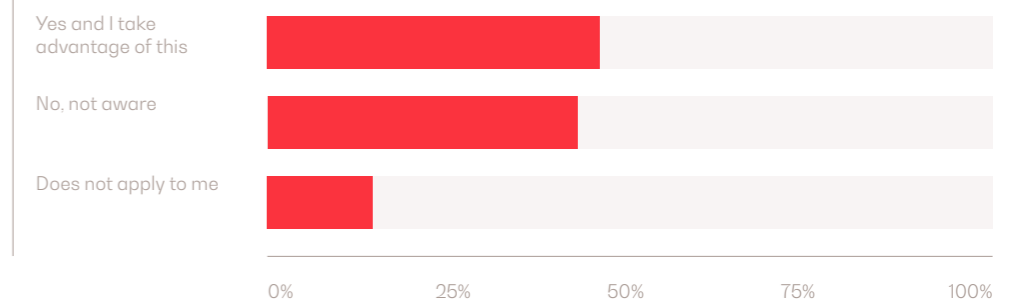


Are you aware of the impact of those costs and charges on your pension account?



Perhaps the most worrying of all, 41 per cent of employees surveyed were not aware of the tax relief earned on their contributions into the scheme. This can result, and clearly is resulting, in undervaluing the impact of saving into a pension fund. Just a simple communication highlighting the 'free money' that members get by saving could make a huge difference to their engagement and potential additional contributions.

UK taxpayers are eligible for tax relief on pension contributions. If you are a UK tax payer, are you aware of the tax relief you can get on your pension contributions?

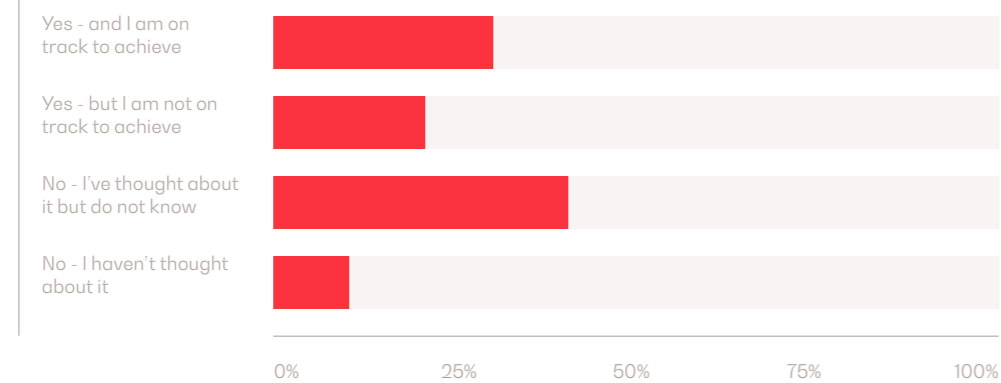


Time to take control - over half of employees don't know how much goes into their pension each month and around two-thirds aren't aware of costs and charges, all of which can have a big impact on their final pension pot

# Workers find it hard to plan

Half of those members surveyed didn't know how much money they needed to have a good retirement income – a big alarm bell for the industry. Without proper planning and adequate saving it will become harder for maritime employees to retire when they want. This could eventually lead to a staffing crisis for employers wanting to effectively manage their resources and staff turnover.

Do you know how much money you need to have in your pension account to have a decent income in retirement?



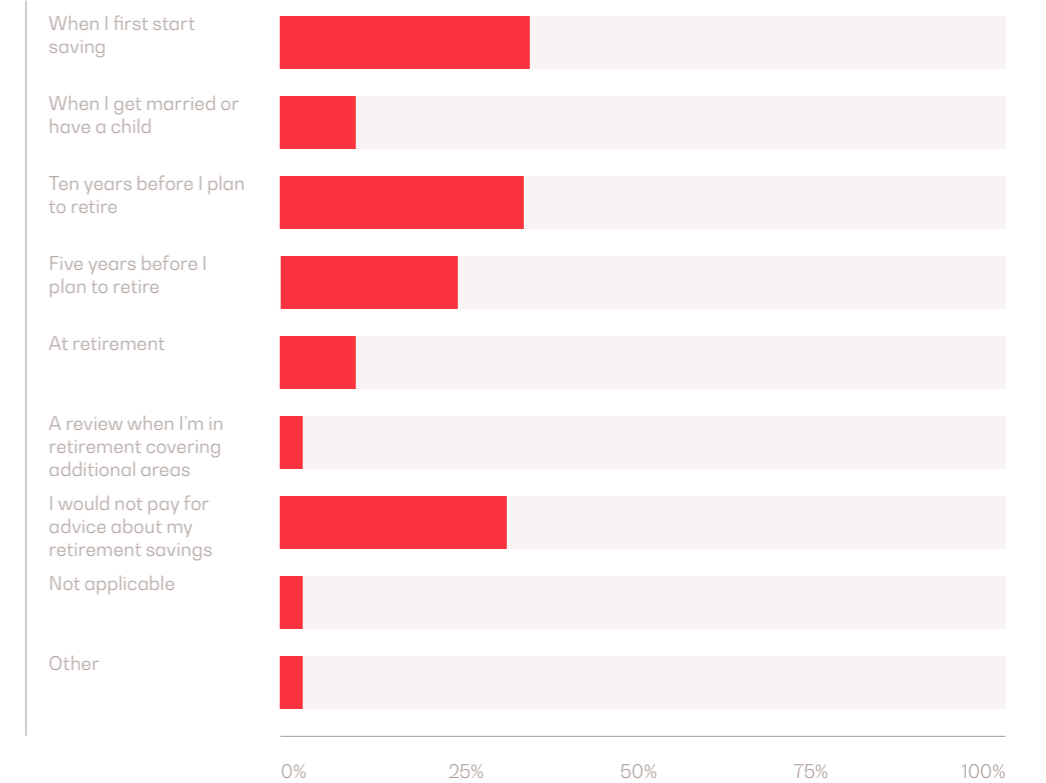
And this planning problem extends to employees' day-to-day finances. Because people are not aware of the benefits of maximising retirement savings, pensions was ranked down in a lowly sixth place when employees were asked what they would do with any spare money they had. The result, employees are more likely to put money into a bank, with minimum or no interest, than save in a pension where it can be boosted by tax relief and employer contributions.

If you have spare cash, what are you most likely to spend it on?



If you could use some of your pension fund to pay for advice and help about your retirement savings (including all your pension plans and the State Pension), when would you prefer to take this advice?

But members are clear that they want help and advice to plan better. More than two thirds of respondents said they would pay for advice out of their funds if they could and, when asked when they would want this advice, the most popular answer was when they first start saving. Support from the very beginning can make a huge difference to an employee's engagement throughout their savings life, so this is a crucial issue.



# So how can employers help?

# 19%

Percentage of employees who never review the investment performance of their pension fund

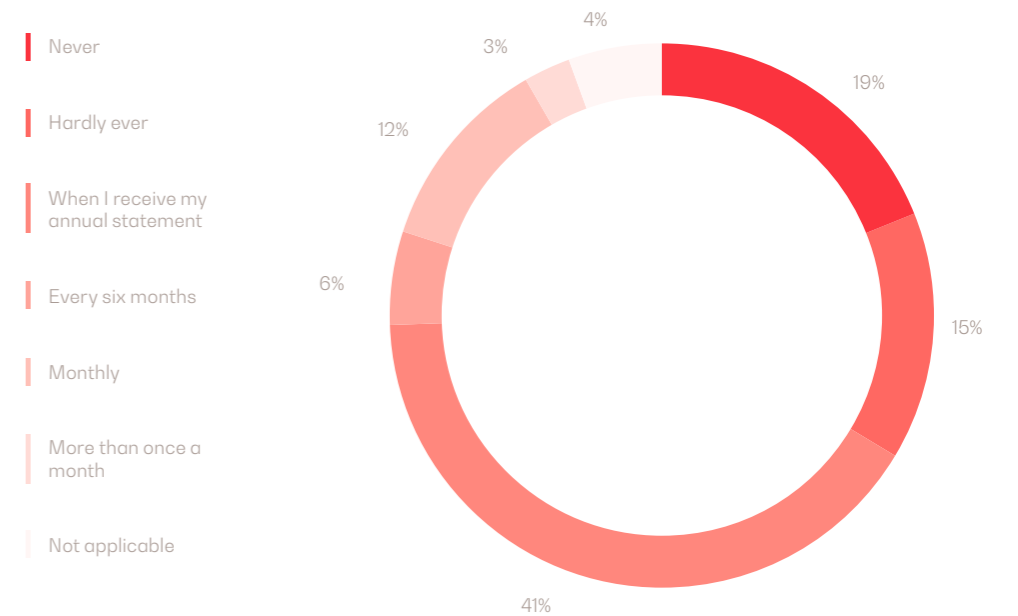


Communication, communication, communication!

Put simply, employees need encouragement to save and helping them understand the 'free money' from employer contributions and tax relief is one sure-fire way to do this.

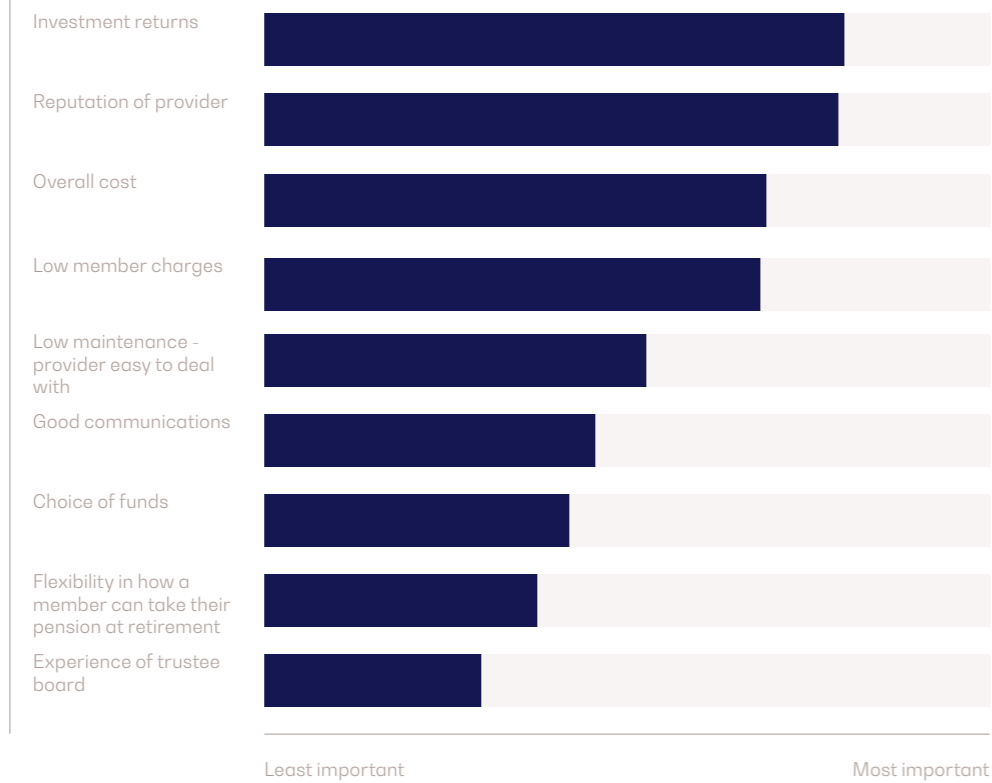
Similar support should come in the area of reviewing investment performance. Only 20 per cent of employees surveyed were monitoring performance more than once a year and, perhaps more surprisingly, the figure is similar for employers. This is a concern, given that employers rank investment returns as most important both as an attribute of the scheme and as a reason for choosing a provider.

## How frequently do you review the investment performance of your pension fund?





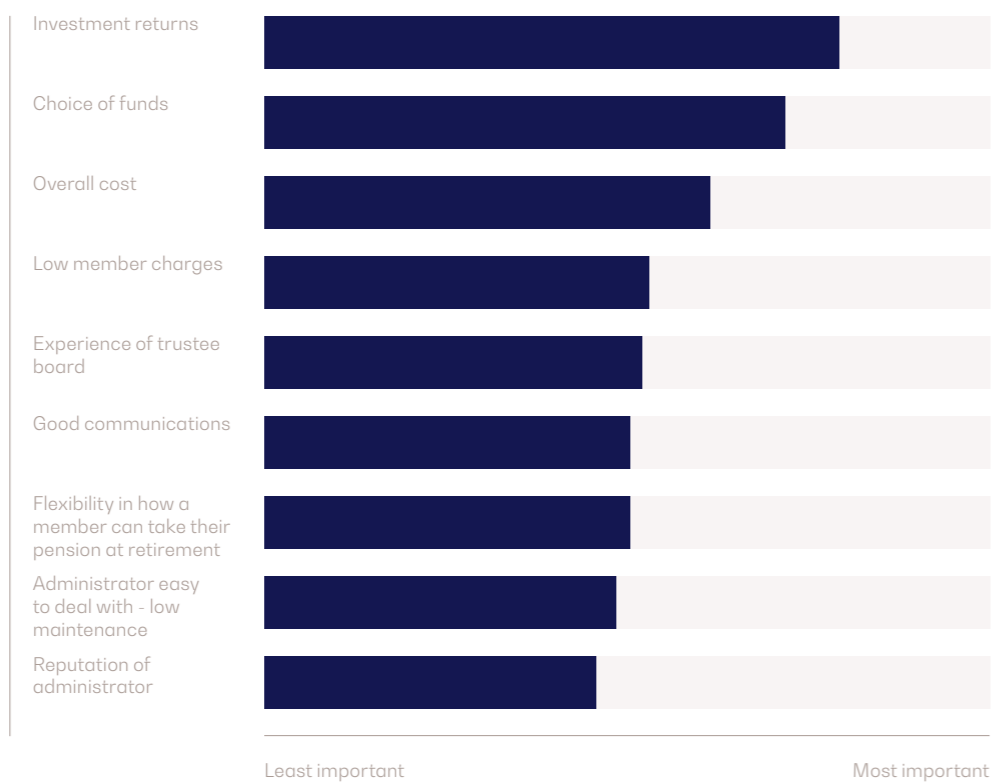
(For external schemes)  
What do you look for  
in choosing your  
pension provider?



# 13%

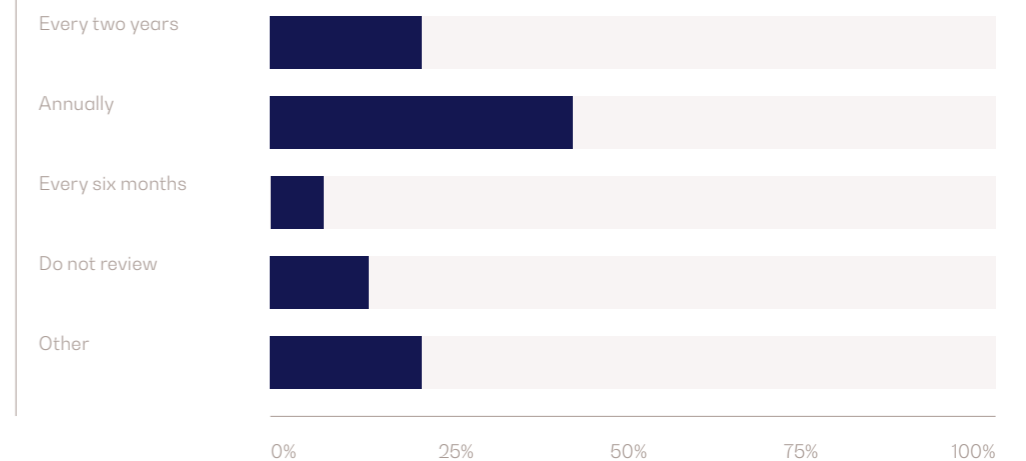
Percentage of employers who never review the performance of their pensions provider

(For in-house schemes) How important are the following attributes for your pension scheme?



How often do you review the performance of your pensions provider?

(This can include reviewing in-house pension performance and suitability)



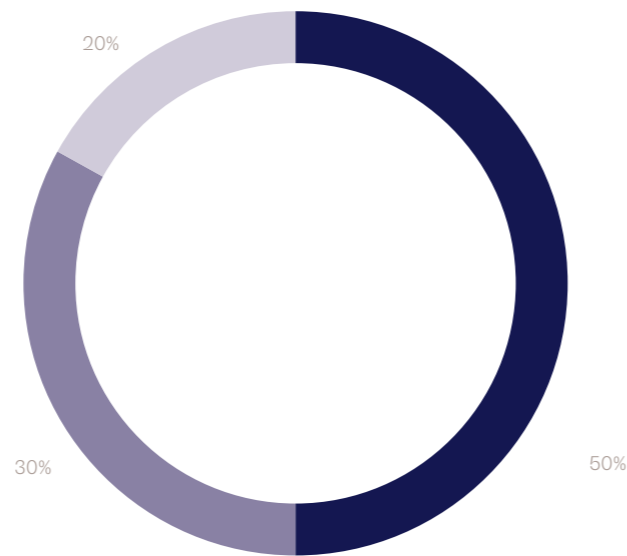
This shows a real need for employers across the maritime industry to take greater responsibility on behalf of their employees. It's paramount they choose their provider carefully, focusing on those with low investment charges, and those who will regularly review on behalf of members, provide oversight and evaluation and challenge investment performance.

# Has auto enrolment helped maritime employers with their responsibilities?

The introduction of auto enrolment has had a big impact on the UK savings industry and brought many millions of employees into retirement saving for the first time. Despite low contribution rates, auto enrolment has been hailed largely as a success. This is echoed by the results of the survey, with four out of five employers believing auto enrolment has encouraged saving both in the sector and more widely.

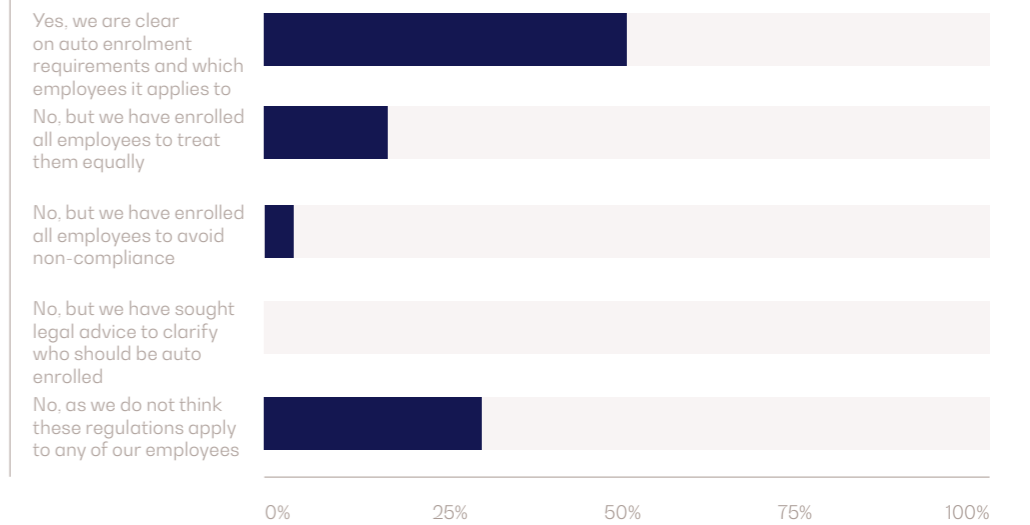
Do you think that the auto enrolment policy intention of encouraging more people in the UK to save for retirement is being fulfilled by auto enrolment regulations as they currently apply to the maritime industry?

- Yes, I think it has encouraged more UK domiciled employees into pension saving
- Yes, I think it has encouraged more employees into pension saving regardless of whether they are UK domiciles
- No, I think that, in its current form, the legislation is not sufficiently focussed on whether the employee is likely to retire in the UK. Therefore, some UK domiciles are not included whilst some non-UK domiciles are included

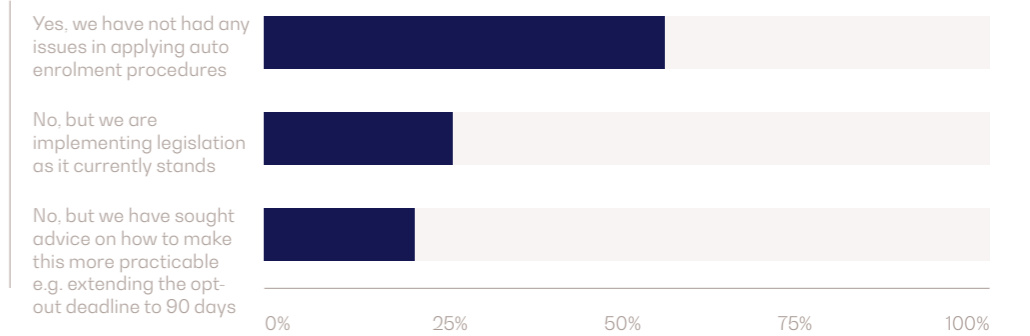


As we know, there are some key differences between the maritime industry and a lot of other UK businesses in the way that companies and staff are managed – also demonstrated in the survey. Half of respondents believe that auto enrolment regulation requires more clarity around how it should be applied across the nuances of the maritime industry, whilst 43 per cent believe the 30-day opt-out period does not reflect appropriate time scales for their employees.

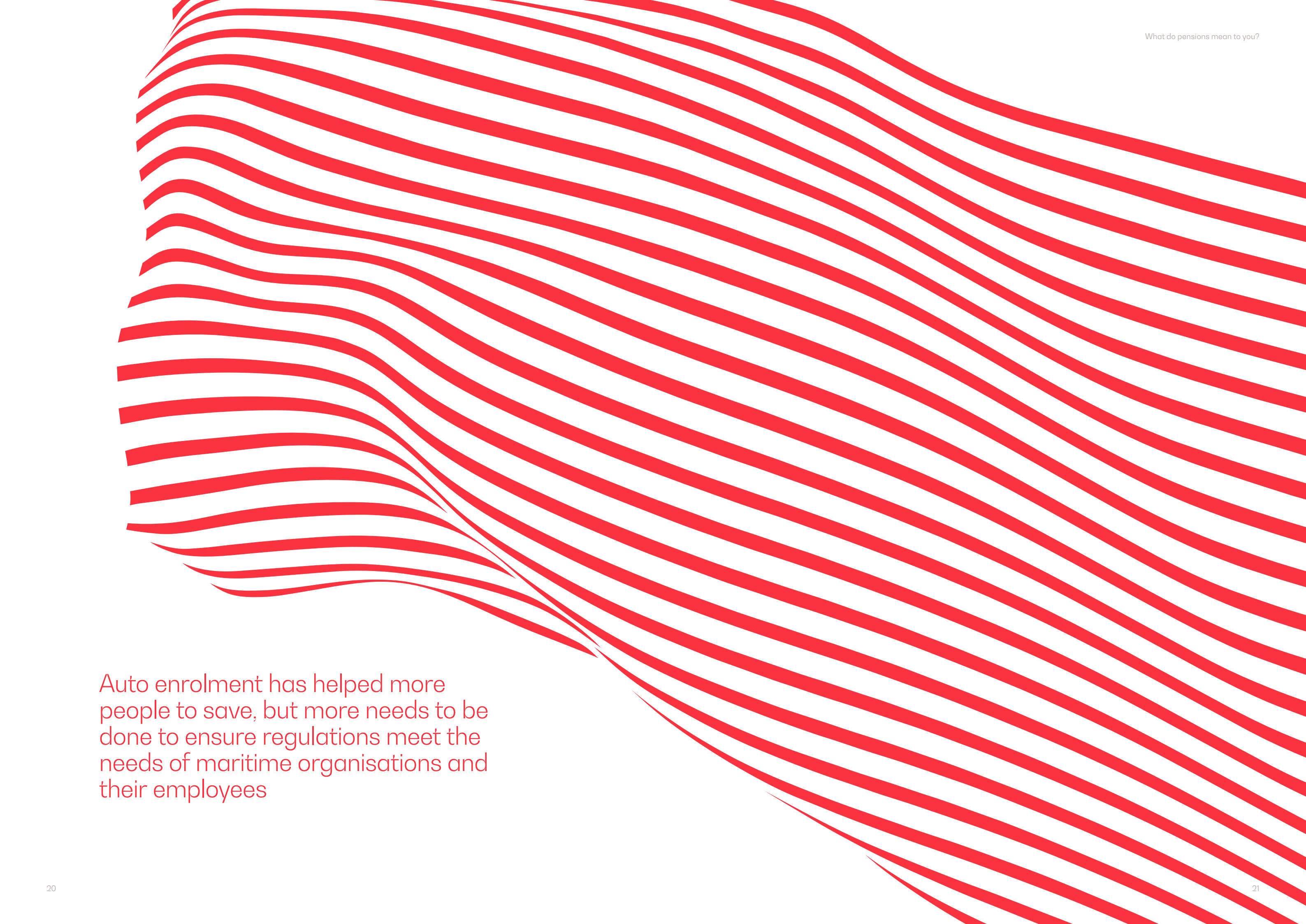
When assessing your workforce for UK auto enrolment legislation purposes, do you think there is sufficient clarity regarding how auto enrolment regulations apply to the maritime sector, particularly whether employees are deemed to be ordinarily working in the UK?



Do you think that the current auto enrolment processes, such as the opt-out process in which members are given 30 days to respond, are suitable in a maritime context?



There is clearly work to be done in helping employers in the sector implement their responsibilities to employees' pensions and to understand how this unique industry is impacted by regulations.



Auto enrolment has helped more people to save, but more needs to be done to ensure regulations meet the needs of maritime organisations and their employees

## Key findings

- Four out of five (79 per cent) respondents are members of an employer's pension scheme.
- Respondents are more likely to put any spare cash into a bank or building society, and least likely to use it to top up their pension.
- Less than a third think they are paying enough (29 per cent) or too much (3 per cent) into their pension.
- Half of respondents don't know how much they need to save into their pension to achieve a decent retirement income, and one in ten haven't even thought about it.
- Only 15 per cent review their pension performance more than once a year, while more than a third never, or hardly ever, do so.
- Only 22 per cent are aware of the impact of costs and charges on their pension.
- 41 per cent are not aware of the tax relief they can get through their pension.

## Conclusion

The results highlight a major contradiction in how employees view their pension. On the one hand, it is viewed as a hugely valuable aspect of their employment and long-term future, but on the other, they are not yet engaged. This will come when they are equipped with the understanding to monitor its growth or to utilise ways to build their pots further day-to-day.

There is a crucial role for employers here to help build financial awareness amongst staff to allow them to make the most of the scheme provided, understand the elements within their control and plan for their future.

The survey reveals some other key areas of responsibility for maritime employers in selecting providers who can offer regular monitoring of the scheme to ensure it is performing well and remains good value for employees. The pension plan should combine high quality investment options, good communications and critically, low charges for members. For many, especially considering the potential difficulties with implementing and running an auto enrolment compliant scheme in the maritime sector, it will be necessary to choose to work with a scheme provider who understands the unique challenges of the industry, can offer the right guidance and remove much of the burden of scheme management.



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